

**LAFON NURSING FACILITY OF
THE HOLY FAMILY**
**Financial Statements
and Additional Information for the
Year Ended December 31, 2009
(With Comparative Totals for December 31, 2008)**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/25/10

LAFON NURSING FACILITY OF THE HOLY FAMILY

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INDEPENDENT AUDITORS' REPORT

To the Administrator and Governing Board
Lafon Nursing Facility of the Holy Family
New Orleans, Louisiana

We have audited the accompanying statement of financial position of **LAFON NURSING FACILITY OF THE HOLY FAMILY** (the Facility) as of December 31, 2009, and the related statements of activities, functional expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Facility's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Facility's 2008 financial statements and, in our report dated July 14, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of the Office of Management and Budget (OMB) Circular A-133, *Audits of Institutions of Higher Education and Other Nonprofit Institutions*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of **LAFON NURSING FACILITY OF THE HOLY FAMILY** as of December 31, 2009, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2010, on our consideration of the Facility's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

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Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Facility taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the Facility. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial statements have been prepared assuming that the Facility will continue as a going concern. As discussed in Note E to the financial statements, the Facility suffered significant damage due to Hurricane Katrina. While the renovations have commenced, no services have been provided since August 29, 2005 and consequently no revenues were earned after that date. Due to the uncertainty of when the Facility can resume normal operations, and the loss of substantially all revenue, substantial doubt is raised about the Facility's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Julia Burton & Co., LLC

July 14, 2010

LAFON NURSING FACILITY OF THE HOLY FAMILY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2008)

ASSETS

	<u>2009</u>	<u>2008</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,095,321	\$ 1,031,520
Short-Term Investment	<u>100,000</u>	<u>-</u>
Total Current Assets	4,195,321	1,031,520
LONG -TERM INVESTMENT	111,714	1,075,823
PROPERTY AND EQUIPMENT, NET		
Land	937,754	937,754
Building	5,494,649	5,443,849
Equipment	188,190	-
Furniture	835,926	-
Vehicles	21,075	21,075
Construction In Progress	13,733,663	8,188,863
Less: FEMA Reimbursement	<u>(11,512,064)</u>	<u>(6,166,894)</u>
	<u>2,221,599</u>	<u>2,021,969</u>
Total Property and Equipment	9,699,193	8,424,647
Less: Accumulated Depreciation	<u>(4,646,406)</u>	<u>(4,418,730)</u>
Total Property and Equipment, Net	<u>5,052,787</u>	<u>4,005,917</u>
TOTAL ASSETS	<u>\$ 9,359,822</u>	<u>\$ 6,113,260</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Due to Related Party	\$ 1,335,039	\$ -
Accounts Payable and Accrued Expenses	<u>751,845</u>	<u>1,124,324</u>
Total Liabilities	2,086,884	1,124,324
NET ASSETS, UNRESTRICTED	<u>7,272,938</u>	<u>4,988,936</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,359,822</u>	<u>\$ 6,113,260</u>

The accompanying notes are an integral part of these financial statements.

LAFON NURSING FACILITY OF THE HOLY FAMILY
STATEMENT OF ACTIVITIES
DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2008)

	<u>2009</u>	<u>2008</u>
UNRESTRICTED		
PUBLIC SUPPORT AND REVENUE		
Medicaid, Medicare and Residents	\$ -	\$ -
Other Revenues:		
Investment Income	9,554	62,938
Public Support Received Directly - Contributions	-	250
Insurance Income	94,472	629,506
Defalcation Reimbursement	58,779	900
Miscellaneous Revenue	<u>267</u>	<u>14,738</u>
Total Other Revenue	<u>163,072</u>	<u>708,332</u>
Total Public Support and Revenue	<u>163,072</u>	<u>708,332</u>
EXPENSES		
General Services	214,231	19,659
Administrative Services	274,867	146,862
Depreciation	<u>227,674</u>	<u>256,456</u>
Total Expenses	<u>716,772</u>	<u>422,977</u>
INCREASE (DECREASE) IN NET ASSETS	(553,700)	285,355
FUNDS RECEIVED FROM THE SISTERS OF THE HOLY FAMILY	2,837,702	523,807
NET ASSETS, BEGINNING OF YEAR	<u>4,988,936</u>	<u>4,179,774</u>
NET ASSETS, END OF YEAR	<u>\$ 7,272,938</u>	<u>\$ 4,988,936</u>

The accompanying notes are an integral part of these financial statements.

LAFON NURSING FACILITY OF THE HOLY FAMILY
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2008)

	Program Service	Supporting Services and General and Administrative	2009 Total	2008 Total
Salaries and Vacation Benefits	\$ -	\$ 198,076	\$ 198,076	\$ 72,080
Employee Health and Retirement Benefits	-	2,752	2,752	218
Payroll Taxes	-	3,731	3,731	3,820
Professional Fees and Contract Services Payments	-	90,008	90,008	57,971
Supplies	-	44,690	44,690	863
Telephone	-	11,910	11,910	2,276
Postage and Shipping	-	233	233	-
Repairs and Maintenance	-	6,480	6,480	-
Occupancy	-	79,159	79,159	14,510
Insurance	-	-	-	1,340
Local Transportation	-	11,292	11,292	9,197
Medical Reimbursement	-	-	-	-
Taxes and License	-	5,074	5,074	-
Advertising	-	941	941	-
Miscellaneous	-	34,752	34,752	4,246
Depreciation	-	227,674	227,674	256,456
TOTAL EXPENSES	\$ -	\$ 716,772	\$ 716,772	\$ 422,977

The accompanying notes are an integral part of these financial statements.

LAFON NURSING FACILITY OF THE HOLY FAMILY
STATEMENT OF CHANGES IN NET ASSETS
DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2008)

	Unrestricted	Temporarily Restricted	2009 Total	2008 Total
Net Assets, Beginning of the Year	\$ 4,988,936	\$ -	\$ 4,988,936	\$ 4,179,774
Increase in Net Assets	<u>2,284,002</u>	<u>-</u>	<u>2,284,002</u>	<u>809,162</u>
Net Assets, End of the Year	<u>\$ 7,272,938</u>	<u>\$ -</u>	<u>\$ 7,272,938</u>	<u>\$ 4,988,936</u>

The accompanying notes are an integral part of these financial statements.

LAFON NURSING FACILITY OF THE HOLY FAMILY
STATEMENT OF CASH FLOWS
DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2008)

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ (553,700)	\$ 285,355
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities		
Depreciation Expense	227,674	256,456
Changes in Operating Assets and Liabilities		
Due to Related Party	1,335,039	-
Accounts Payable and Accrued Expenses	<u>(372,479)</u>	<u>1,058,613</u>
Net Cash Provided by Operating Activities	636,534	1,600,424
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(6,619,714)	(7,721,539)
Net Change in Investments	<u>864,109</u>	<u>(53,192)</u>
Net Cash Used in Investing Activities	(5,755,605)	(7,774,731)
CASH FLOWS FROM FINANCING ACTIVITIES		
FEMA Reimbursements for Building Renovation	5,345,170	5,727,828
Net Funds Received from the Sisters of the Holy Family	<u>2,837,702</u>	<u>523,807</u>
Net Cash Provided by Financing Activities	<u>8,182,872</u>	<u>6,251,635</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,063,801	77,328
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>1,031,520</u>	<u>954,192</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,095,321</u>	<u>\$ 1,031,520</u>

The accompanying notes are an integral part of these financial statements.

**LAFON NURSING FACILITY OF THE HOLY FAMILY
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

LAFON NURSING FACILITY OF THE HOLY FAMILY (the Facility) is a not-for-profit institutional adult care facility operated by the Sisters of the Holy Family, a religious order of women. The statements include only the accounts of **LAFON NURSING FACILITY OF THE HOLY FAMILY**; no other assets owned by or activities operated by the Sisters of the Holy Family have been included herein.

Resources are classified into three separate classes of net assets, as follows:

- **Unrestricted** - Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.
- **Temporarily Restricted** - Net assets whose use by the Facility is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Facility pursuant to those stipulations.
- **Permanently Restricted** - Net assets whose use by the Facility is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Facility.

CASH EQUIVALENTS

All highly liquid cash investments with an original maturity of three months or less are considered to be cash equivalents.

The Facility maintains cash balances at several financial institutions in the New Orleans area. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2009 and 2008, the Facility's uninsured cash balances totaled approximately \$3,892,547 and \$734,362, respectively.

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost when purchased or at appraised values when donated, with subsequent additions at cost. It is the Facility's policy to capitalize expenditures for items in excess of \$5,000 with a life greater than one year. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. The building is depreciated over a 40-year life, furniture and equipment are depreciated over 5 to 10 year lives and vehicles are depreciated over 3 or 4 year lives. Depreciation expense totaled \$227,674 and \$256,456 for the years ended December 31, 2009 and 2008.

INCOME TAXES

Income taxes have not been provided for in the financial statements as the Facility was organized as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code of 1954 as amended and is, therefore, of tax-exempt status. Management has evaluated its tax positions and has determined that there are no uncertainties in income taxes that require adjustments to or disclosures in the financial statements.

**LAFON NURSING FACILITY OF THE HOLY FAMILY
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CONTRIBUTIONS

Contributions received, including unconditional promises, are recognized as revenues when the donor's commitment is received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances. Promises made and collected in the same reporting period are recorded when received in the appropriate net asset category. Promises of non-cash assets are recorded at their fair value. Conditional promises are recorded when donor stipulations are substantially met. There were no unconditional promises in 2009 or 2008.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CHARITY CARE

The Facility provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Because the Facility does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

NOTE B

INVESTMENTS

Investments of the Facility at December 31, 2009 and 2008 consisted of investments in certificates of deposit and are carried at cost, which approximates market value.

NOTE C

DUE TO RELATED PARTY

The Facility received funds from the Sisters of the Holy Family to pay expenses not covered by FEMA. The loan has no repayment terms and a 0% interest rate.

NOTE D

CONTRIBUTIONS

The Facility is an income beneficiary of the Estate of Thomy Lafon (Estate). The Estate is managed by a Board of Trustees, which makes a distribution to the Facility annually when the income of the Estate has been determined. The Facility received \$200,121 and \$211,818 from the Estate as of December 31, 2009 and 2008. These contributions were included on the statement of activities under funds received from the Sisters of the Holy Family.

NOTE E

COMMITMENTS AND CONTINGENCIES

The Facility receives a substantial amount of its support from federal and state governments. A significant reduction in the level of this support, if this were to occur, may have an effect on the Facility's programs and activities.

**LAFON NURSING FACILITY OF THE HOLY FAMILY
NOTES TO FINANCIAL STATEMENTS**

NOTE E

COMMITMENTS AND CONTINGENCIES (Continued)

The Facility is required to submit cost reports to federal and state government agencies that substantiate the support received. These reports are subject to audit and adjustment by the respective government agencies.

On August 29, 2005, Hurricane Katrina devastated southeast Louisiana. While the Facility evacuated all of its residents, the facilities sustained significant damage. The renovations of the facility were completed as of January 4, 2010 and residents began to return to the facility. However, it is uncertain when a significant number of residents will return and the Facility can resume normal operations. None of the residents have returned to the facility as of December 31, 2009.

Due to the effects of Hurricane Katrina and the death of several residents of the facility, various legal claims have been made against the Facility. The outcome of the litigation can not reasonably be estimated at this time and no adjustments have been made to the financial statements as a result of this uncertainty.

NOTE F

PENSION PLAN

Substantially all of the employees are covered by a defined contribution retirement plan established in 1999. The Facility matches employee contributions up to 3% of the employee's salary. No contributions were made to the plan on behalf of employees for the years ended December 31, 2009 and 2008, respectively.

NOTE G

SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, July 14, 2010, and determined that no events occurred that require disclosure, except for the completion of renovation as discussed in Note E. No subsequent events occurring after that date have been evaluated for inclusion of these financial statements.

SUPPLEMENTAL INFORMATION

**LAFON NURSING FACILITY OF THE HOLY FAMILY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

<u>Federal Grantor/Pass-through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Homeland Security, Federal Emergency Management Agency (FEMA)			
Pass-through programs from:			
State of Louisiana Governor's Office of Homeland Security and Emergency Preparedness,			
Disaster Grants - Public Assistance	97.036	071-UAGGU-00	\$ 5,398,231
Total expenditures of federal awards			\$ 5,398,231

Notes to Schedule of Expenditures of Federal Awards:

Note 1 - Summary of Significant Accounting Policies

a. Basis of Presentation

This schedule includes the federal grant activity of Lafon Nursing Facility of the Holy Family and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

b. Accrued Reimbursement

Various reimbursement procedures are used for federal awards received by the Facility. Consequently, timing differences between expenditures and program reimbursements exist at the end of the year.

Note 2 - Reconciliation of federal grant revenue to expenditures of federal awards

Expenditures of federal awards during the year ended December 31, 2009	\$ 5,398,231
Add: previous FEMA reimbursement that were coded to the construction in progress	1,691
Less: Expenditures incurred during the year ended December 31, 2009 but was granted by FEMA in previous years	(54,752)
Total federal grants revenue	\$ 5,345,170

See independent auditors' report

OTHER INDEPENDENT AUDITORS' REPORTS



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Administrator and Governing Board
Lafon Nursing Facility of the Holy Family
New Orleans, Louisiana

We have audited the financial statements of LAFON NURSING FACILITY OF THE HOLY FAMILY (the Facility) as of and for the year ended December 31, 2009, and have issued our report thereon dated July 14, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Facility's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Facility's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Facility's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Facility's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters:

As part of obtaining reasonable assurance whether the Facility's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Administrator and Governing Board and Federal Emergency Management Agency (FEMA), federal awarding agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Delia Gunter & Abney, LLC

July 14, 2010



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**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OFFICE OF MANAGEMENT AND
BUDGET (OMB) CIRCULAR A-133**

To The Administrator and Governing Board
Lafon Nursing Facility of the Holy Family
New Orleans, Louisiana

Compliance

We have audited the compliance of **LAFON NURSING FACILITY OF THE HOLY FAMILY** (the Facility) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2009. The Facility's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Facility's management. Our responsibility is to express an opinion on the Facility's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Facility's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Facility's compliance with those requirements.

In our opinion, the Facility complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2009.

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Internal Control over Compliance

The management of the Facility is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Facility's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Facility's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of the Administrator and Governing Board and Federal Emergency Management Agency (FEMA), federal awarding agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.



July 14, 2010

**LAFON NURSING FACILITY OF THE HOLY FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified		
Internal control over financial reporting:			
Material weaknesses identified?	_____ Yes	_____ X	_____ No
Significant deficiencies identified			
not considered to be material weaknesses?	_____ Yes	_____ X	_____ None reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X	_____ No

Federal Awards

Internal control over major programs:			
Material weaknesses identified?	_____ Yes	_____ X	_____ No
Significant deficiencies identified			
not considered to be material weaknesses?	_____ Yes	_____ X	_____ None reported

Type of auditors' report issued on compliance for major program:	Unqualified
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Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	_____ Yes	_____ X	_____ No
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Identification of major program:

CFDA Numbers

97.036

Name of Federal Program or Cluster

Disaster Grants - Public Assistance

Dollar threshold used to distinguish between Type A and Type B programs:	_____ \$300,000
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Auditee qualified as low-risk audit?	_____ X	_____ Yes	_____ No
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Section II - Findings related to the financial statements that are required to be reported in accordance with Governmental Auditing Standards

No findings and questioned costs for the year ended December 31, 2009

Section III - Findings and questioned costs for federal awards under OMB Circular A-133 §510(a)

No findings and questioned costs for the year ended December 31, 2009